Joint Committee on Taxation
May 15, 1984
JCX-10-84

INCREASES IN PUBLIC DEBT AND LONG-TERM BOND LIMITS AND MISCELLANEOUS TREASURY ADMINISTRATIVE REQUESTS

(Scheduled for Consideration by the Committee on Ways and Means, May 16, 1984)

A. Public Debt Limit

Present law

The permanent limit on the public debt is $1,490 billion. This limit was enacted on November 21, 1983.

Current situation

On May 11, 1984, the outstanding public debt was $1,481.3 billion. Several times in early April and early May, the outstanding public debt has been within $25 million of the current legal limit. On May 15, the Treasury Department will settle on its $16.5 billion midquarter financing which includes $7.18 billion of new financing. The Treasury Department has estimated that the present limit will not meet federal financial needs after May 24, 1984.

The daily operating cash balance was $38.7 billion on May 1, 1984, which was substantially greater than the Treasury Department's preferred cash balance of $25 billion, which includes a $5 billion allowance for contingencies. The large cash balance on May 1 resulted from income tax payments by corporations and individuals in the latter half of April. By May 11, the cash balance was $16.5 billion.

Congressional action on administration proposals

The Senate Finance Committee has reported a bill, S. 2651, which provides for a public debt limit of $1,752.6 billion. The Administration has estimated that this amount would meet its needs through June 28, 1985.

	Billions of dollars through fiscal years 1984	1985
Proposed debt limit levels		
Administration request	1,589.0	1,829.0
House budget resolution	1,596.2	1,843.3
Related budget deficits		
Administration budget	177.8	179.0
House budget resolution	189.0	175.5

J862-31
H782-22

B. Long-term Bonds

Present law

Treasury has authority to issue $150 billion of long-term bonds (securities issued with maturities greater than 10 years) with interest rates above the statutory 4-1/4 percent ceiling. In testimony before the Finance Committee, Treasury stated that it will exhaust the $150 billion authority early in calendar year 1985, assuming that the recent pattern of issuing long-term bonds is continued. As of April 30, 1984, there were about $120 billion of bonds outstanding under the exception.

Congressional action on administration request

The Administration has requested an increase of $50 billion--to a total $200 billion--in the exception from the 4-1/4 percent ceiling. The Treasury Department stated that the increase probably would meet its needs through calendar year 1985.

In S. 2651, the Finance Committee approved a $50 billion increase to $200 billion in the authority to issue bonds to the public above the 4-1/4 percent interest rate ceiling.

C. Authorization of Treasury Administrative Requests

The Administration also requests statutory authority for the Secretary of the Treasury to obtain certain services and facilities and to incur expenses for certain administrative services designed to improve the functioning of the Treasury Department. This request, which was transmitted on June 17, 1983, as Executive Communication 1410, seeks authority to (1) enter into certain reciprocal agreements and other contracts with State and local government law enforcement agencies, (2) install and remove facilities for the performance of certain protective functions on nongovernment property, (3) provide for certain official functions and representation activities of the Treasury Department, (4) acquire or insure certain foreign real or personal property, (5) provide laboratory assistance to State and local law enforcement agencies, and (6) provide for miscellaneous other administrative matters.